

Fiscal Management Division
Expenditure Audit Section
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Post-Payment Audit of Texas Department of Savings and Mortgage Lending



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EXECUTIVE SUMMARY

Audit scope

We audited a sample of the Texas Department of Savings and Mortgage Lending (TDSML) payroll, purchase and travel transactions that processed through the Uniform Statewide Accounting System (USAS) and the Uniform Statewide Payroll/Personnel System (USPS) during the period beginning June 1, 2012, through May 31, 2013, to determine compliance with applicable state laws. A limited review of refund transactions from funds outside of the treasury was also performed.

The audited agency or institution of higher education receives appendices, if applicable, with the full report that may include a list of the identified errors and an errors projection to estimate the amount of improperly paid transactions. Copies of the appendices may be requested through a [Public Information Act](#) inquiry.

The audit provides a reasonable basis for the findings set forth in this report. If necessary, the Texas Comptroller of Public Accounts (Comptroller's office) may take the actions set forth in Texas Government Code Annotated, Section 403.071(h) (Vernon 2013), to ensure that TDSML's documents comply in the future. TDSML must ensure that the findings discussed in this report are resolved.

Texas law requires the Comptroller's office to audit claims submitted for payment through the Comptroller's office. All payment transactions are subject to audit regardless of amount or materiality.

Payroll transactions and deductions

Payroll transactions were audited for compliance with the General Appropriations Act (GAA), [Texas Payroll/Personnel Resource](#) and other pertinent statutes.

- No issues were identified.

All of TDSML's voluntary contributions were also audited.

- No issues were identified.

Purchase transactions

Purchase transactions were audited for compliance with the GAA, [eXpendit](#), the [State of Texas Procurement Manual](#) and other pertinent statutes.

- No issues were identified.

Refund transactions

Our audit included a limited review of TDSML's transactions relating to refund payments. This review consisted of verifying that the documentation provided reconciled with the payment amount in our sample.

- No issues were identified.

Travel transactions

Travel transactions were audited for compliance with the GAA, [Textravel](#) and other pertinent statutes.

- No issues were identified.

Internal control structure

We performed a limited review of TDSML's internal control structure. The review was limited to obtaining an understanding of TDSML's controls sufficient to plan the audit but did not include tests of control policies and procedures.

Based on a recommendation from the 2009 post-payment audit, TDSML implemented tools to strengthen internal controls and reduce the risk to state funds by activating an edit within USAS that warns the user when a document that the user entered or altered is about to be released by the same user. TDSML also implemented the use of a report to identify documents that the same user entered or altered and then released.

However, because the risk cannot be fully eliminated unless no user has security to enter/alter and then release payments in USAS, the control weakness still exists. An additional preventive control is available within USAS that, if activated, would further strengthen the agency's control environment.

Fixed assets

The audit included a review of a limited sample of fixed assets acquired by expenditures during our audit period to test for accurate reporting in the State Property Accounting (SPA) System and to verify existence, location and proper reporting of the fixed assets.

- All assets tested were in their intended location and properly recorded in SPA.

Prior post-payment audit and current audit recurring errors

We conducted a prior post-payment audit of TDSML's payroll, purchase and travel transactions on Dec. 16, 2009.

During the current audit, we found one recurring error:

- Control weakness over expenditure processing.

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